

1 FCC term.

2 Q All right. Well, let me use a different term then.
3 She would have been one of the, the persons in charge?

4 A Trustee.

5 Q She would have been one of the three major decision
6 makers?

7 A Yes.

8 Q With yourself and, and Mr. Crouch?

9 A That's correct.

10 Q And with respect to Florida, she would have been one
11 of the major decision makers?

12 A True.

13 Q However Florida law might view her role?

14 A Yes.

15 Q And in that sense, in 1980, she was involved in a
16 significant way in both in Network and in Florida?

17 A She certainly was.

18 Q But notwithstanding all that we've talked about to
19 this point, focusing back on 1980, it would still be your view
20 that Translator TV, Inc., was not an owned and operated
21 company of Trinity Broadcasting Network?

22 A In my mind, like I say, it was always viewed
23 differently. It was, it was set apart.

24 Q And that's despite the commonality of the board
25 membership and despite the financial ties, despite the

1 commonality of officers, despite the fact that Translator TV,
2 Inc., was going to get all, or virtually all, of its
3 programming from Trinity Broadcasting Network, despite the
4 fact that whatever monies were spent on behalf of Translator
5 TV, Inc., that there were no notes or security arrangements
6 relative to the repayment of those funds. All those factors
7 still does not make Translator TV, Inc., an owned and operated
8 company?

9 A In, in my mind, no. Translator TV, in my mind, at
10 any time, including today, had wanted to vote, could, could
11 say goodbye, sayonara, we're -- we don't want to be affiliated
12 with Trinity any more.

13 Q Now, the reference that you're making there is to the
14 bylaws of Translator TV, Inc., correct, in terms of how it can
15 vote a member either on or off the board?

16 A That's true. Or, or how it can vote on anything.

17 Q Well, let's focus, let's focus right now on the
18 addition or deletion, for lack of a better word, of members of
19 the board.

20 A Yes.

21 Q You do understand, do you not, that apparently the,
22 the bylaws for Translator TV, Inc., are different from the
23 bylaws of Trinity Broadcasting Network, Arizona, Oklahoma
24 City, Florida, separate in terms of the provisions that are
25 written in for the president and the protection of the

1 president as a member of the board?

2 A That's correct.

3 Q Is it your testimony that when the bylaws for
4 Translator TV, Inc., were written in 1980 that that decision
5 was a conscious one on the part of various persons, that the
6 bylaws of Translator TV, Inc., would not have the protection
7 for Paul Crouch that the other bylaws at that time did or, or
8 were planned to have?

9 A I don't know if it was conscious or not. I can't say
10 it was -- whether it was conscious or not. I do know that it
11 has been an issue for all of the corporations up until this
12 day, and no one has ever suggested that that provision be
13 inserted to Translator's bylaws.

14 Q Well, I'm focusing on the converse of that situation,
15 and that is whether when the bylaws were drafted that it was a
16 conscious decision on the part of anyone that Translator TV in
17 its bylaws not have the protections that the bylaws for the
18 network have.

19 A I, I can't -- I really can't testify to that in the
20 sense that I -- at the, at the organizational meeting for
21 Translator I was not present. That's when they adopted the
22 bylaws. I did provide them a form for the bylaws which they
23 eventually adopted, but when those were reviewed at the
24 organizational meeting I wasn't there.

25 Q All right. And when -- You provided bylaws to

1 Translator TV, Inc., that were formed bylaws?

2 A That's correct.

3 Q For Florida, you did not provide the initial set of
4 bylaws?

5 A I believe I did very early on. There, there may have
6 been a set that the Florida attorney used when it was
7 initially incorporated. But very early on in attorney stages
8 I provided him with another set which was adopted.

9 Q And that other set included protections?

10 A Includes a protection, yes.

11 Q And do you have any recollection how it came about
12 that you made the conscious decision to provide the Florida
13 attorney with the amended bylaws that contained the
14 protections for Paul Crouch?

15 A 'Cause that was our understanding when we originally
16 adopted that set of bylaws, that this would apply to all of
17 the Trinity Broadcasting corporations.

18 Q By "our understanding," are you referring
19 specifically to yourself and Paul Crouch or are you including
20 anybody else in that reference?

21 A Whoever was at that board meeting where Trinity
22 Christian Center adopted those bylaws. It was intended that
23 they apply to all of the Trinity Broadcasting corporations.

24 Q And even if it were not accomplished in the very
25 beginning, it was only a short time thereafter that the change

1 in the bylaws was made so as to provide Paul Crouch with the
2 protection that he had at the network?

3 A That's true.

4 Q Now, I understand from, from testimony given why, why
5 it was deemed necessary or viewed as appropriate to have
6 protections written in for Paul Crouch relative to his
7 position with the network. I don't see the same rationale and
8 I don't have an understanding yet why it was viewed as
9 necessary or appropriate to protect Paul Crouch's position as
10 president relative to his role as president of Arizona or
11 president of Oklahoma City or president of Florida.

12 A Well, why was that sort of protection in, in, in
13 those corporations?

14 Q Yes, sir.

15 A The identity of board members is something that
16 changes from time to time and I -- the, the purpose and the
17 intent in my mind was to provide that type of protection
18 irregardless of who came on the board.

19 Q Well, let me understand something. If there are only
20 going to be three persons on the board and two of them are
21 yourself and Paul Crouch, where is the need for the
22 protection?

23 A I could die, I could resign, I could, I could oppose
24 Paul Crouch, I could be in league with another board member
25 to, to throw him out.

1 Q And what significance would there be if he were
2 removed from the board of Trinity of, of Florida if it turned
3 out that other board members, such as yourself and either Jane
4 Duff or Janice Crouch continued on the board, and, in so
5 doing, also maintained their, their roles at Trinity
6 Broadcasting Network as employees?

7 A I think the concern is that that, that might not
8 happen to -- There's always the possibility that, that I,
9 along with somebody else, could throw Paul out and say take
10 care of -- take possession of Florida. That's a very, very
11 valuable asset, given the license and the, and the real
12 estate. I mean, it would be -- For, for people with the wrong
13 motives, it would be a prize club.

14 Q So the idea is to protect the network's investment --

15 A Well --

16 Q -- by insuring that Arizona, Oklahoma City, Florida,
17 etcetera, could not spin themselves off in some fashion?

18 A Well, it, it is to protect Paul Crouch as the founder
19 and president, that he can't be thrown off the board. Now, if
20 there was a majority that voted against him and there was an
21 unreasonable decision on a particular issue, as long as he's
22 on the board he could, he could oppose it.

23 JUDGE CHACHKIN: There's this reference to this
24 protection. Maybe you can, at least at this stage, state what
25 this protection is.

1 MR. JUGGERT: What it is is a, a provision that
2 protects the original founder/president, Paul Crouch, from
3 being voted off of the board of directors, unless there is
4 evidence of, of I think three or, three or four events would
5 give rise to cause to have him kicked off the board. If that
6 happens, then it would eventually go to an arbitration
7 committee to determine whether or not he should remain on or
8 not. We thought it was unfit to say that he could stay on the
9 board no matter what he did, and so we, we have -- we've
10 defined cause.

11 JUDGE CHACHKIN: But -- Go ahead.

12 MR. JUGGERT: And so that it isn't arbitrary, we've
13 set up a provision where it could eventually go to a board of
14 arbitrators to decide if, if the board had acted correctly in
15 determining that cause existed.

16 JUDGE CHACHKIN: But if you say you decide, you and
17 Ms. Duff or whoever else is the third member, is to outvote
18 him, to vote against him, turn against him, then this
19 protection wouldn't help him. He could remain on the board
20 but he wouldn't have any control any more of the board.

21 MR. JUGGERT: Well, no, because the, the situation in
22 California and most states is such that if a, a board member
23 votes in a manner that is, that is -- if, if a controlling
24 group on the board would vote in a resolution that is
25 unreasonable or unfair to the corporation, particularly when

1 | it's a conflict of interest, interest, the remaining board
2 | member who doesn't vote would have cause to file a lawsuit to
3 | prevent that from occurring as one of the trustees of the
4 | corporation.

5 | JUDGE CHACHKIN: Well, for instance, suppose you and
6 | another director decide -- get a handsome offer to sell the
7 | station --

8 | MR. JUGGERT: Yeah.

9 | JUDGE CHACHKIN: -- in Florida, \$5 million or
10 | 10 million, whatever, and you and this other person, the third
11 | member, decide to accept it and Mr. Crouch is opposed to it.
12 | Is that a conflict of interest?

13 | MR. JUGGERT: That, that wouldn't be, unless we had
14 | some involvement, some, some involvement with the other
15 | corporation. No, that wouldn't be a conflict, but it could be
16 | contested as being contrary to the purposes of the
17 | corporation, not in the best interest of the corporation.

18 | JUDGE CHACHKIN: But this wouldn't protect
19 | Dr. Crouch, the fact that he has a right to remain on the
20 | board.

21 | MR. JUGGERT: Well, it would protect, protect his
22 | right to continue to operate that station.

23 | JUDGE CHACHKIN: How would it protect his right to
24 | operate the station if it wasn't a conflict?

25 | MR. JUGGERT: The only -- If it's not a conflict,

1 then the only issue is is this fair and reasonable as to the
2 corporation. It would give him at least a right to contest
3 that.

4 JUDGE CHACHKIN: But he could always have that right
5 to contest, whether he had this protection or not, couldn't
6 he? Under California law, at least, he would have.

7 MR. JUGGERT: Yeah, yeah.

8 JUDGE CHACHKIN: I don't know about Florida law,
9 whether it would help.

10 MR. JUGGERT: Well, in most states, the board -- a
11 director like Dr. Crouch is, is regarded as a trustee and
12 could do whatever is necessary to try to protect the
13 corporation, yes, that's true. But he needs to be a director
14 to do that. If he's thrown off, he's -- he loses that right.

15 JUDGE CHACHKIN: Well, couldn't he also protest his
16 right to be thrown off the board if this protection didn't
17 exist?

18 MR. JUGGERT: No. Generally, boards are -- you don't
19 have to have cause to throw off directors. I mean, as far as
20 I'm concerned, I could be voted out tomorrow.

21 JUDGE CHACHKIN: But the -- you've told me a trustee
22 has some rights.

23 MR. JUGGERT: Yeah, to protect the assets of the
24 corporation.

25 JUDGE CHACHKIN: Well, as a trustee then, he could --

1 whether he was thrown off the board or not, he could take
2 steps to protect the assets of the corporation?

3 MR. JUGGERT: If he was, if he was thrown off the
4 board and was no longer a director, he -- and the board voted
5 in, say, a third person and they decided to, to, to sell it,
6 as an interested person he could probably contest it, but it
7 wouldn't have the same weight as if he was a director.

8 JUDGE CHACHKIN: But if he was out-voted and remained
9 on the board, he still couldn't do anything about it if it
10 wasn't a conflict?

11 MR. JUGGERT: Unless it was really an unreasonable
12 decision. And he has been out-voted on the Translator board.

13 JUDGE CHACHKIN: Well, that's debatable. We won't
14 argue about that.

15 MR. JUGGERT: Yeah.

16 JUDGE CHACHKIN: All right, go ahead. Well, we'll
17 take a 10-minute recess at this time.

18 (Whereupon, a brief recess was taken from 11:00 a.m.
19 until 11:10 a.m.)

20 JUDGE CHACHKIN: Please be seated. Let's resume,
21 Mr. Shook.

22 BY MR. SHOOK:

23 Q Mr. Juggert, I'd like you to refer now to your direct
24 testimony, which is Trinity Broadcasting of Florida Exhibit
25 108, specifically the second page, paragraph four. And I'd

1 | just like you to read that to yourself to familiarize yourself
2 | with what's there.

3 | A What exhibit is that?

4 | Q Your testimony, your direct testimony, which is
5 | Trinity Broadcasting Exhibit 108.

6 | A Oh, 108. Here it is. Paragraph four.

7 | Q Which appears on the second page.

8 | A Yes, I've read it.

9 | Q My first question is who in particular advised you
10 | that the FCC viewed the board of directors of a nonprofit,
11 | nonstock corporation as the only group that determined control
12 | of that corporation?

13 | A That came from the early days when Gammon and Grange
14 | were representing us. There was always a concern if we were
15 | to change the directors so that the majority was changed. It
16 | was my understanding that was a change of ownership and that
17 | was considered a change of control. And, as I understood it,
18 | we had to go to the FCC and get approval for that. And so
19 | that I thought was important to note somewhere along the line
20 | with respect to minority preferences. In my mind, I was
21 | informed that the, the board of directors were the ones that
22 | determined control.

23 | If you were to look at the, at the minority
24 | organization, if a majority of it were, were minorities, then
25 | it was minority controlled. That was my understanding from

1 the FCC counsel, and I think that came from Mr. May. It was
2 my understanding that was the rule we had to comply with.

3 Q So Mr. May provided you advice along those lines.
4 And was there anyone else besides Mr. May who provided you
5 advice about how the FCC viewed the board of directors of a
6 nonstock, nonprofit corporation?

7 A Other than the former FCC commissioner that
8 Mr. Crouch visited with in Washington in 1979 or '80.

9 Q And were you advised orally or were you advised in
10 writing?

11 A It all came to me through -- orally.

12 Q Were you advised on one occasion or more than one
13 occasion?

14 A Well, I remember the issue with respect to board
15 control coming up in the early days when we had these
16 fluctuations in the board of directors and it was a matter of
17 concern as to whether or not we were in compliance with the
18 FCC if we changed board members. And there were a lot of
19 changes there in the first 10 years, so it would have come up
20 fairly often.

21 Q Now, Mr. Cohen may have asked you a question I think
22 similar to this, but I don't think he asked you exactly the
23 question that I'm going to ask you. And that is, does
24 California law ever recognize a distinction in determining who
25 controls a nonprofit, nonstock corporation between how a

1 corporation appears on paper and how it actually operates?

2 A Right. And I, I indicated that I had researched
3 that, that particular point, particularly under the code
4 section that deals with board of directors controls, and had
5 looked at all of the cases that came up on my CD ROM -- under
6 that particular provision and found nothing in terms of what
7 you would call the factor of control.

8 Q Now, you were -- you became aware in the vicinity of
9 May 1991, did you not, that a petition to deny had been filed
10 against National Minority TV's attempted acquisition of the
11 television station in Wilmington, weren't you?

12 A Yes, I was.

13 Q Prior to that time, had you ever learned that the FCC
14 might determine control of a nonprofit, nonstock corporation
15 by looking at how the corporation actually operates, as
16 opposed to whether the corporation has a functioning board of
17 directors?

18 A Nothing -- There was nothing that specific that I can
19 recall or that we received advice that specifically.

20 Q You had mentioned in response to Mr. Cohen's
21 questions that there were certain steps that FCC counsel,
22 specifically, Mr. May, advised that National Minority TV take
23 to formalize its arrangements with Trinity Broadcasting
24 Network. Do you recall --

25 A Yes.

1 Q -- such questions and answers?

2 A Yes, I do.

3 Q Was it ever explained to you why FCC counsel deemed
4 it necessary that some formal arrangements were made between
5 National Minority TV and Trinity Broadcasting Network?

6 A No. That information came to me second-hand. I
7 believe it was through Dr. Crouch and Jane Duff, just to the
8 effect that Colby May had recommended that we formalize the
9 relationship on Trinity Christian Center's side to National
10 Minority TV, that it, it should become more specific. And
11 that that was, that was occurring.

12 Q So Colby May did not speak to you as one attorney to
13 another that -- in your role both as attorney for Trinity
14 Broadcasting Network, subsequently Trinity Christian Center of
15 Santa Ana, and your role as a member of the board of
16 directors? Colby did not speak to you -- not speak to you and
17 tell you why it was necessary to formalize the arrangements
18 between Trinity Broadcasting Network and National Minority TV?

19 A I, I have no recollection of that.

20 Q Now, I'd like you to turn to Mass Media Exhibit 5.

21 A Is that in Volume I?

22 Q First volume, yes, sir. Now, there's a signature
23 that appears at the bottom and I believe it's yours.

24 A That's my signature.

25 Q And it's -- The copy that I have is a little bit

1 smeared, but I believe that you're functioning as secretary?

2 A Yes, I am.

3 Q Now, the meeting in question here takes place on
4 September 11, 1980. Do you see that? It's in the first
5 paragraph.

6 A Yes, I do.

7 Q And the second paragraph refers to the board
8 considering recent action by the FCC, etcetera. Do you see
9 that?

10 A Yes, I do.

11 Q And in the third paragraph, it states that it was
12 moved, seconded, and passed that the corporation pursue
13 directly or by encouraging its affiliates Translator
14 applications in all major population centers of the United
15 States. Do you see that?

16 A Yes, I do.

17 Q So on September 11, 1980, some information came to
18 the attention of the board of Trinity Broadcasting Network.
19 And were you the person who received that information from FCC
20 counsel or did that come to you indirectly through Paul
21 Crouch?

22 A Probably coming through Jane Duff, and perhaps Paul
23 Crouch as well.

24 Q But you were not contacted directly by FCC counsel as
25 to what action is being referred to here by the FCC?

1 A No.

2 Q Reading these minutes, do you have a recollection as
3 to what the nature of the action was that the FCC took that
4 caused this special meeting of Trinity Broadcasting Network?

5 A I, I just recall that at that time we had learned
6 that it would be possible to -- we thought it would be
7 possible to have Translator stations that could do local
8 programming, and I was aware that Full Gospel Businessmen
9 (phonetic sp.), which was a large organization with
10 headquarters in, in Costa Mesa, was encouraging its members to
11 contribute to establish these Translator stations, completely
12 independent of TBN, of course.

13 JUDGE CHACHKIN: Do we have in the record the action
14 taken by the FCC referred to in this special meeting?

15 MR. SHOOK: We do, Your Honor. It's, it's in -- I
16 believe it's Colby May's testimony that it's referred to. I
17 mean, there's an action, an FCC action, and a date given. And
18 the date of the release of that action is September 11, 1980.

19 JUDGE CHACHKIN: All right.

20 MR. TOPEL: And I think, I think these were all
21 either recorded or, in some other usable fashion, citable.

22 JUDGE CHACHKIN: Well, it might want to be -- you
23 might want to perhaps refresh the witness's recollection by
24 showing him May's testimony as to what the action was. Maybe
25 that might jar his recollection, if you want to get into this.

1 MR. SHOOK: Well, Your Honor, I don't need to get
2 into it that deeply. This is --

3 JUDGE CHACHKIN: All right.

4 MR. SHOOK: -- just to set the stage.

5 JUDGE CHACHKIN: Okay.

6 BY MR. SHOOK:

7 Q Now, focusing on the third paragraph, where it
8 mentions "encourages affiliates," at this point in time the
9 affiliates in question would have been Trinity of Arizona,
10 Trinity of Oklahoma City, Trinity of Florida, perhaps others.
11 I believe if you turn back to Mass Media Exhibit 3 there are
12 listings of various companies, and I see included here Trinity
13 Broadcasting of Denver, of Hawaii, of Seattle, and of Texas.
14 So I take it that listing of companies that appears in Mass
15 Media Exhibit 3 was the -- was what the term "affiliates" was
16 meant to encompass?

17 A I assume that's the case.

18 Q Do you have any reason to believe that the word
19 "affiliates" was meant to encompass or cover any other
20 companies?

21 A No, I don't.

22 Q Now, do you recall at this meeting any discussion
23 taking place relative to the, the benefits of forming another
24 company which would have a board membership where the majority
25 of the members would be minorities and, and why that would be

1 done and what, what benefits could flow from that?

2 A Not at this meeting.

3 Q Now, I'd like you to turn to Mass Media Exhibit 6.
4 First of all, you'll note that the copy that we have is, is
5 unsigned, but I take it this is a letter that you recognize
6 and that you did sign the original of this letter?

7 A Yes, I did.

8 Q Now, you'll note the date, September 16, 1980?

9 A Yes.

10 Q Which happens to be five days after the meeting
11 referenced in Mass Media Exhibit 5?

12 A Right.

13 Q Now, looking at Mass Media Exhibit 6, does this help
14 you in terms of recalling whether at the board meeting
15 referenced in Mass Media Exhibit 5 there was discussion about
16 forming a new corporation? And if so, what that new
17 corporation would do.

18 A No, it doesn't. My, my recollection was that the
19 genesis of, of Translator TV was before that board meeting.

20 Q Before that board meeting?

21 A Before that board meeting.

22 Q Before September 11, 1980?

23 A In terms of discussions, in terms of Jane Duff's call
24 to me and alerting me of the fact that a new corporation would
25 be formed.

1 Q Do you have any recollection of how much time was
2 spent by you in terms of preparing the articles and bylaws for
3 Translator TV, Inc.? Whether that was a relatively rushed job
4 or whether it was something you had, you know, a leisurely
5 amount of time in which to complete?

6 A I believe that this was a fairly leisurely
7 incorporation. It was not something rushed. I think you can
8 see the, the time encompassed on it. And the first thing I
9 would have had to have done would have, would have been to
10 clear the name. And back at this particular time I was simply
11 writing to the Secretary of State and then waiting for a reply
12 as to what names were available, as I did when the name was
13 changed to National Minority.

14 And that would usually take, take at least a week to
15 10 days to get a name clearance. Now I can do it in -- with a
16 telephone call.

17 Q A telephone call was not available to you back in
18 1980?

19 A It, it was, but the, the system was terrible. You,
20 you had to spend half a day on the phone. I have a prepaid
21 account now where I can call directly.

22 Q Okay. Do you have a clear recollection of actually
23 writing the Secretary of State --

24 A Just, just a --

25 Q -- to determine --

1 A -- recollection that's the only way that I would get
2 a name clearance in those days.

3 Q That would have been your practice at that point?

4 A Right.

5 Q But that's to say that you actually did it with
6 respect to this corporation?

7 A The, the odds are very -- that's the way I did it.

8 Q Now, focusing on Mass Media Exhibit 6 --

9 A Yes, the letter to Mr. Gammon?

10 Q Yes. Do you recall receiving a response to this
11 letter and, and the questions that you put to Mr. Gammon?

12 A The, the response that I received from him was to the
13 information I put in the, in the IRS application for
14 exemption. I don't recall specific responses to the questions
15 in the third paragraph.

16 Q Well, let's, let's break them down and, and see
17 whether any response ever came to you. The -- There isn't so
18 much a question, is there, in the third paragraph as it is
19 laying the predicate for questions that will, that will
20 follow? So moving to the fourth paragraph --

21 A Well, there is a question. "We need your input on
22 how the new corporations can relate to TBN, Inc."

23 Q And the question is did you ever get a response to
24 that?

25 A Other than what appears in the, in the, in the, in

1 the exemption application. And I think there is a letter
2 where the, the exemption application is -- referred to by
3 Gammon and Grange.

4 Q That's your recollection?

5 A That's my recollection.

6 Q With respect to the first question that appears in
7 the, the fourth paragraph, "Should Trinity be the lessee or
8 guarantor?" do you recall ever receiving a response to that
9 question?

10 A No, I don't.

11 Q In the fifth paragraph, do you recall ever receiving
12 a response to the question, "Do you have a recommendation with
13 respect to the Translator equipment itself?"

14 A No, I don't have any recollection of that.

15 Q And then the follow-up question, and that is, "Which
16 corporation should own it?"

17 A No, I, I don't recall getting a response.

18 Q With respect to the next paragraph that references
19 existing corporations, such as in Washington, Colorado, and
20 Texas, the question that you put to Mr. Gammon is, "Should we
21 use the new entity? And if so, should it bear any
22 relationship to the new corporation?" Did you receive any
23 response to that question?

24 A No. No, I didn't.

25 Q I'd like you to turn to Mass Media Exhibit 7.

1 A The articles of incorporation?

2 Q Yes, sir. Now, the judge asked you some questions
3 along these lines yesterday, and I, I don't mean to repeat the
4 questions that he asked. I, I'm just trying to clarify
5 something in my own mind. The articles of incorporation state
6 clearly that this is a religious corporation and that in Part
7 4 it has "the corporation is organized and operated
8 exclusively for religious purposes," etcetera. Now, this --
9 the articles were put together to -- meant to comply with
10 whatever existing provisions there were in California law,
11 correct?

12 A And, and the IRS regulations. The IRS requires that
13 certain provisions be included.

14 Q All right. Now, was there any particular reason why
15 no reference was made in the articles of incorporation as to
16 the minority ownership or the minority control of the
17 corporation? Was there, was there anything in California or
18 federal tax law that you knew of that precluded mentioning
19 that?

20 A Not in federal tax law, but in the California law
21 there was.

22 Q And what specifically was there that precluded you
23 from mentioning or noting in the articles of incorporation
24 that Translator TV, Inc., was to be minority-owned?

25 A Let me restate my answer. The -- Preclude would be

1 the wrong, wrong way to refer to it. It would have been
2 possible but it would not have been wise. And the reason that
3 I gave yesterday was that the Attorney General was taking a
4 very, very limited narrow view of purpose clauses and limiting
5 nonprofit corporations to the, the exact purpose that was
6 stated in the articles, and that was it. And the, the two
7 cases were Queen of Angels versus Younger and Hoff versus
8 Osteopathic College. There were 70 cases cited by the Court
9 of Appeal in Los Angeles. And so my concern was, and I think
10 the concern of the legislature in passing a legislation that
11 went into effect in 1979, was to, to prevent that type of
12 enforcement from occurring in the future and making it
13 possible for you just simply to say this is a religious
14 corporation, this is, this is one of three types of
15 religious -- three types of nonprofit corporations.

16 At that time, they designed three, three types of, of
17 nonprofits in California. You had your choice of the three.
18 You could say -- If you said mutual benefit, it could do
19 anything that a mutual benefit corporation could do.
20 Religious was very broad, probably the broadest of all the
21 categories. And so that included help for the poor, it
22 included television broadcasting of a religious nature and so
23 forth, as well as minority involvement and encouragement.

24 Q My focus at this point is not so much on minority
25 involvement or encouragement. My, my, my concern is whether

1 California law precluded you from drafting into the articles
2 of incorporation a provision, be it a purpose or otherwise,
3 that Translator TV, Inc., was to be minority-owned.

4 A In 1980, you'd have to have been a fool to put that
5 in.

6 Q No. What I'm saying -- What I'm asking you --

7 A It didn't preclude you, no. I mean, the -- you're
8 not precluded from committing suicide, either.

9 Q All right. And apparently, what you're telling me,
10 if I, if I'm understanding your answer, is that for the
11 reasons that you have given, which will stand as they are, you
12 thought it inadvisable?

13 A Inadvisable, yes.

14 Q But it wasn't precluded?

15 A It wasn't precluded.

16 JUDGE CHACHKIN: But the intent was that, that it
17 would remain minority-controlled and minority-owned. Why
18 would it be inadvisable to include a provision stating that
19 the corporation will be minority-owned and minority-
20 controlled?

21 MR. JUGGERT: Because then you would become -- Once
22 you limit your purposes --

23 JUDGE CHACHKIN: I'm not talking about purpose, I'm
24 talking about the make up of the corporation, that it would be
25 minority-owned or minority-controlled. If that was the

1 | intent, why didn't the articles state so?

2 | MR. JUGGERT: Okay, if you look at the, the
3 | corporations' code, it has -- requires certain specified
4 | provisions. That is at Section 9130, if anybody wants to
5 | check me out on this. That came into effect in 1979. The,
6 | the code basically provides what the articles are supposed to
7 | state. It does leave an opening to state -- if you want to,
8 | to put a particular purpose clause in, you can be free to do
9 | so. The California Bar booklet, commentary on this, the, the
10 | Horn book on it, states that is -- the purpose of that was for
11 | -- to, to comply with tax -- either federal or state tax
12 | codes.

13 | So I don't know where you would stick that clause in,
14 | that this is going to be minority-controlled. If you look at
15 | that form, I don't know where it would fit in to what, what
16 | the legislature has dictated.

17 | BY MR. SHOOK:

18 | Q Now, you've given us your reasoning and explanation
19 | as to why you believed it was inadvisable to state in the
20 | articles of incorporation that Translator TV, Inc., should be
21 | minority-controlled or minority-owned.

22 | A Yes.

23 | Q Was there any provision of California law that
24 | precluded you from drafting into the bylaws that the
25 | corporation was to be minority-owned or minority-controlled?